

Sustainability DIY

GRI Standards

Journey 2



The background features a dark teal gradient. At the top, there are two stylized clouds: a larger blue one on the left and a smaller teal one on the right. On the right side, there are several large, overlapping green leaves of various shades. At the bottom, there are purple and teal wavy shapes representing hills or water, with some circular patterns and a small pink flower-like element on the left.

DIY your sustainability report in accordance to the Global Reporting Initiative (GRI) Standards

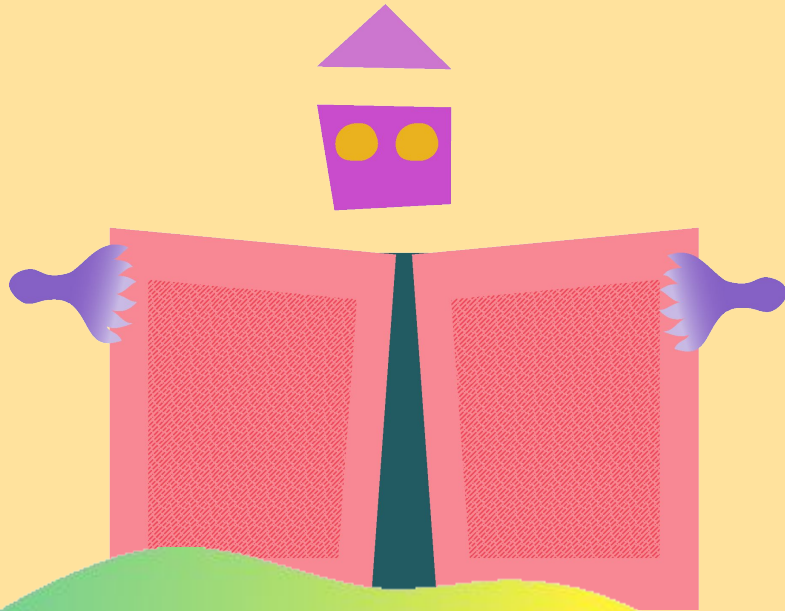
Journey 2

Identifying your organization's reporting boundaries, key stakeholders, and material topics

Step 1 - Establish reporting boundaries¹

“Reporting boundaries” define the entities, i.e., subsidiaries, production units, and factories of your business for which you provide sustainability disclosures in accordance with the GRI Standards.

Although preferred, your sustainability report may not cover your entire business.



Criteria to determine your sustainability report's reporting boundaries

Is the business entity substantial to your overall business?

Is the business entity prepared for sustainability reporting in accordance with the GRI Standards?

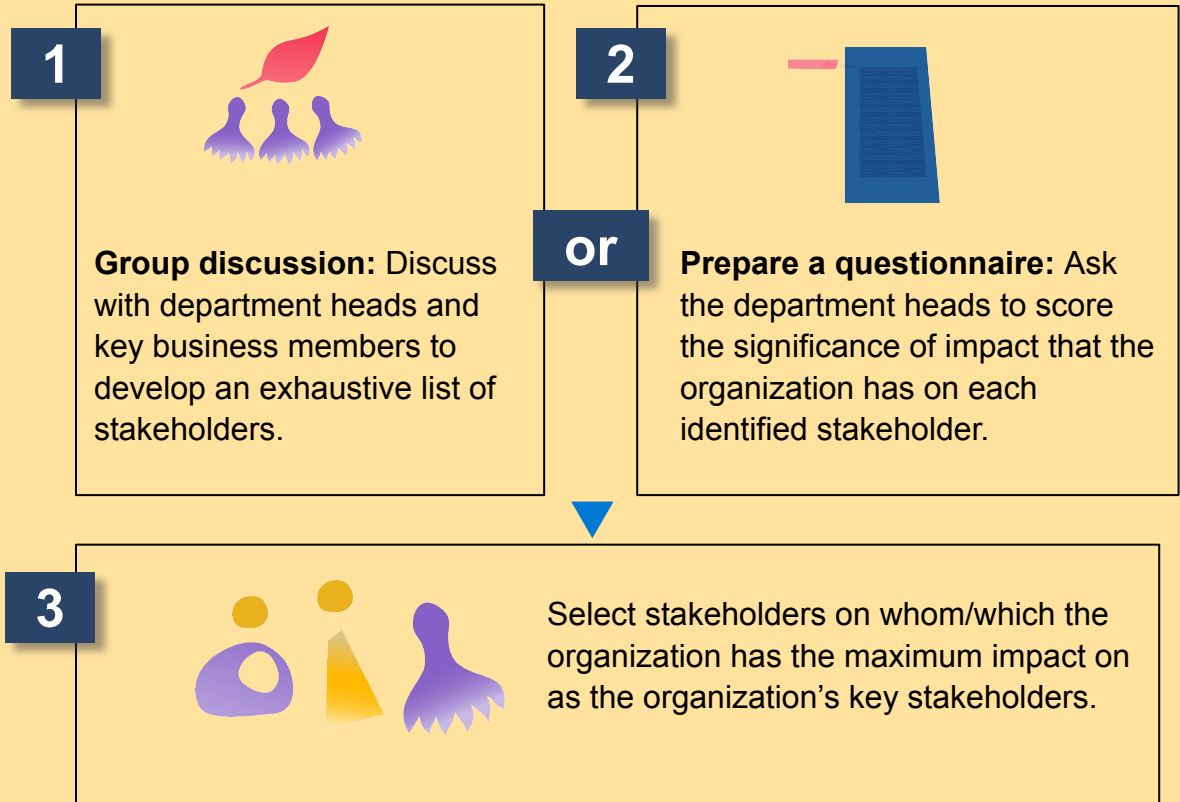
Clearly outline what business entities your sustainability report will cover.

1 - Global Reporting Initiative (GRI). (2021, October 5). *GRI 2: General Disclosures 2021*. (pg. 9).

Step 2: Identify key stakeholders

GRI defines stakeholders as individuals or groups that have interests that are affected or could be affected by an organization's activities.² Stakeholders should also include those who are unable to articulate their views (e.g., future generations, the environment) but whose interests are affected or could be affected by the organization's activities.³

How to identify **key stakeholders**:



2 - Global Reporting Initiative (GRI). (2021, October 5). *GRI 1: Foundation 2021*. (pg. 10).

3 - Global Reporting Initiative (GRI). (2021, October 5). *GRI 3: Material Topics 2021*. (pg. 9).

Step 3: Identify material topics⁴

Remember: Material topics are those that represent the organization’s most significant impacts on the economy, environment, and people.



1

Identify impacts



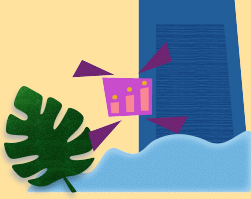
2

Assess the significance of the impacts



3

Prioritize the most significant impacts for reporting



4

Multiple impacts related to the same topic can be grouped together to form a material topic that the organization will report on



5

Plot graph

Step 3: Identify material topics (contd.)

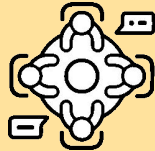
1 - Identify impacts⁵



Ensure that the organization's key stakeholders are already identified.

To now identify material topics, the organization needs to identify the actual and potential impacts that it has on the economy, environment, and people.

The organization can do so by



Conducting group discussions with internal and external stakeholders



Organizing questionnaire-based surveys with internal and external stakeholders, or holding third-party assessments.

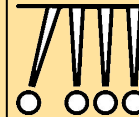
The organization can check for



Negative and positive impacts



Short-term and long-term impacts



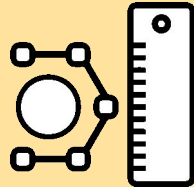
Intended and unintended impacts



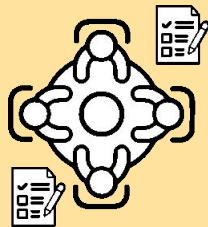
Reversible and irreversible impacts

Step 3: Identify material topics

2 - Assess the significance of the impacts⁶



The organization will measure the significance of the identified impacts.



The organization can do so by asking key internal and external stakeholders to score the impacts on their significance.



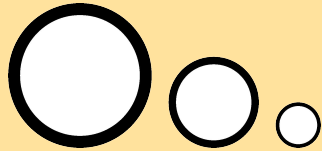
The significance of a **negative impact** is measured by the severity (scale, scope, or irremediable character) of an actual or potential negative impact of the organization and the likelihood of its occurrence. In the case of potential negative Human Rights impacts, the severity of the impact takes precedence over its likelihood.



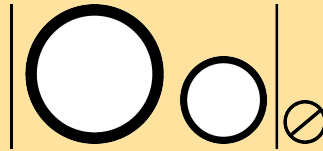
The significance of a **positive impact** is measured by the scale and scope of the impact, as well the likelihood of its occurrence.

Step 3: Identify material topics (contd.)

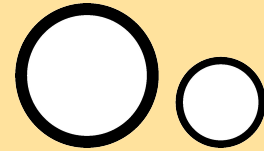
3 - Prioritize the most significant impacts for reporting⁷



The organization will arrange the impacts from most to least significant.



It will then define a threshold of significance to cull out the impacts with significance that are greater than the threshold.



The impacts with significance greater than the threshold will be the ones that the organization will report on.

Use the Microsoft Sustainability Manager to help your organization identify its impacts. Through its deep analysis and sustainability dashboard, stakeholders can make informed decisions based on performance tracking, data insights, and custom reporting on waste, water, and carbon. This creates an opportunity for fact-based discussions with identified stakeholders who may not be involved in the day-to-day operations of the organization.⁸ For more information on **how Microsoft Sustainability Manager converts “environmental data insights into action,”** please [click here](#).

⁷ - Global Reporting Initiative (GRI). (2021, October 5). *GRI 3: Material Topics 2021*. (pg. 13-14).

⁸ - Microsoft. (2023, September 29). *Microsoft Sustainability Manager overview*. Microsoft Cloud for Sustainability | Microsoft Learn. <https://learn.microsoft.com/en-us/industry/sustainability/sustainability-manager-overview>

Step 3: Identify material topics (contd.)

4 - Multiple impacts related to the same topic can be grouped together to form a material topic that the organization will report on⁹

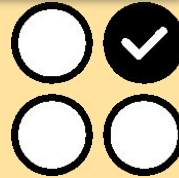


Step 1



Compare the material topics to the material topics included in the Sector Standards and the Topic Standards.

Step 2



Pick material topics from the Sector Standards and the Topic Standards that are relevant to the material topics identified in step 3.

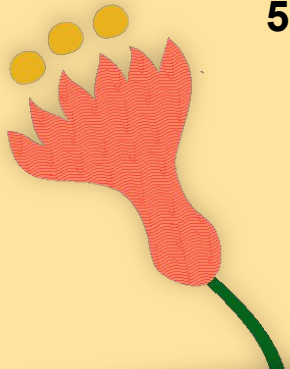
Step 3



Add the material topics identified through step 3, which do not feature in the Sector Standards and the Topic Standards.

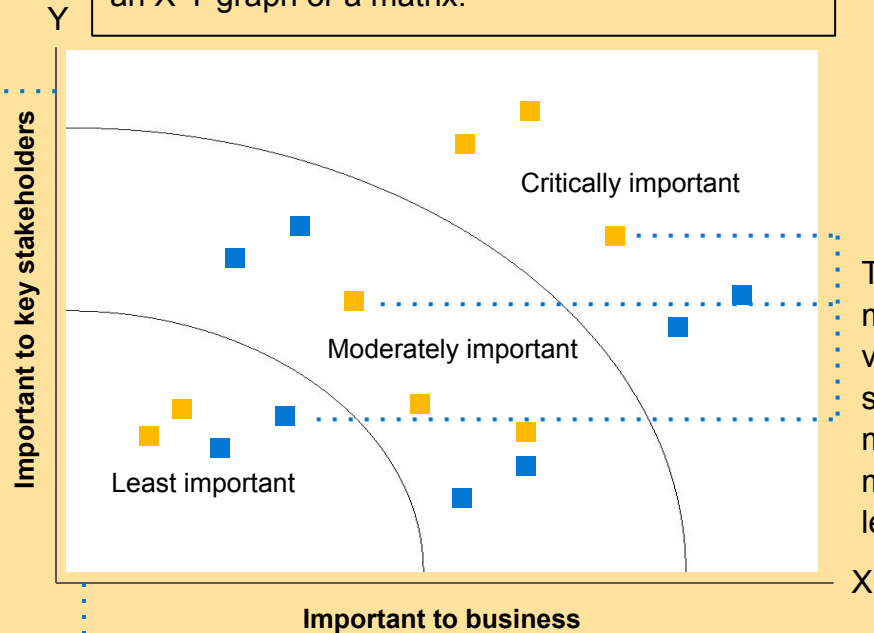
Step 3: Identify material topics (contd.)

5 - Plot graph¹⁰



The Y-axis represents the assessment from key stakeholders.

In this step, the material topics can be plotted on an X-Y graph or a matrix.

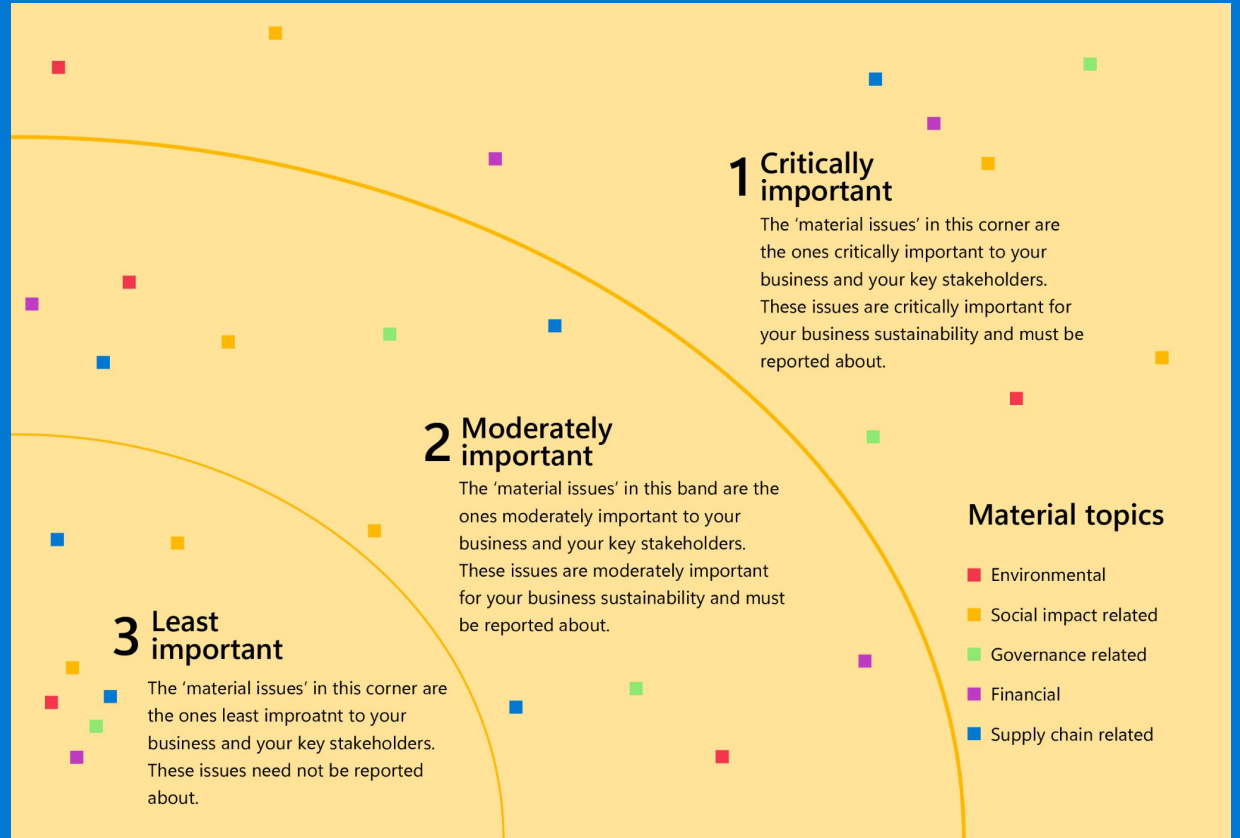
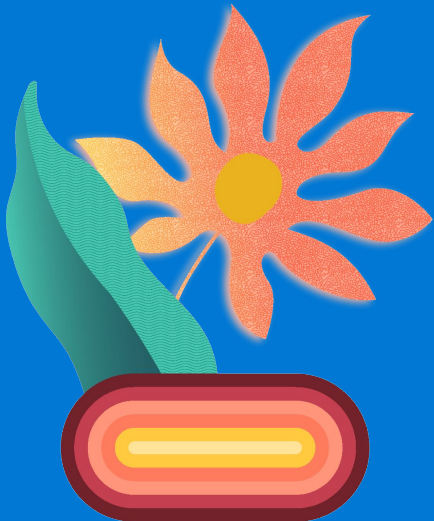


The graph or matrix can be visualized to showcase the most important, moderate, and least significant.

The X-axis typically represents the organization's assessment of the significance of the impacts to the business

Example of a materiality analysis¹¹

Important to key stakeholders



Important to business